

Children and Families Overview and Scrutiny Committee
Thursday, 22 March 2018

REPORT TITLE:	Financial Monitoring Report Quarter 3 2017/18
REPORT OF:	Director of Finance and Investment

REPORT SUMMARY

This report sets out the financial monitoring information for Children and Families in a format consistent across the Overview & Scrutiny Committees. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information is at close of quarter 3, 2017/18.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings, income and debt)
- Performance against the capital budget

RECOMMENDATION/S

- 1 The quarter 3 revenue forecast overspend of £3.9 million be noted.
- 2 The performance of the capital projects be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide members with details of the financial performance of the Overview and Scrutiny Committee's area.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable

3.0 BACKGROUND INFORMATION

3.1 PERFORMANCE AGAINST REVENUE BUDGETS QUARTER 3 (APRIL 2017- DECEMBER 2017)

3.1.0 CHANGES TO THE AGREED BUDGET

3.1.1 The 2017/18 Budget was agreed by Council on 6 March 2017. Any increase to the overall Council Budget (but not use of the existing budget contingency) requires agreement by full Council. Changes to the Budget since it was set are summarised in Table 1.

Table 1: 2017/18 Original & Revised Net Budget by Wirral Plan Themes

	Original Net Budget	Budget Change Quarter 1 Use of Contingen cy	Budget Change Quarter 1 Use of Balances	Approved Budget Changes Qtr 3	Revised Net Budget
	£000	£000	£000	£000	£000
People - Children & Families	80,616	5,000	-	- 7,323	78,293
Net Cost of Services	80,616	5,000	-	- 7,323	78,293

3.1.2 A number of changes have been made to the overall budget figure. Integrated transport has transferred from Children and Families to Environment. This has a budget of £5.6 million. There have also been adjustments to recharge bases resulting in budget changes.

3.2.0 PROJECTIONS AND KEY ISSUES

3.2.1 The projected outturn position as at the end of December 2017 and Wirral Plan: 2020 Vision Themes updates are detailed in the following sections.

Table 2: 2017/18 Projected Budget variations by Wirral Plan Themes

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend	RAGBY Class	Change from prev
			Quarter 3		
People - Children & Families	78,293	82,198	3,905	R	36
TOTAL	78,293	82,198	3,905		36

The report classifies the forecast under/overspends for the above areas using a colour RAGBY rating. The ratings are defined as follows:

- Overspends Red (over +£301k), Underspend Yellow (over -£301k).
- Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k).

3.2.2 People - Children & Families

- The predicted overspend is £3.9 million which is after the allocation of £5 million from the Contingency as highlighted in Section 3.1.
- Agency social worker costs are impacting due to a number of vacant posts within the existing establishment together with a number of posts requiring sickness / maternity cover. Whilst there is an ongoing strategy to recruit Social Work posts the shortages are a regional / national issue. At this stage there is a £0.5 million overspend forecast for this element.
- The numbers of Looked After Children (LAC) are continuing to rise. The current number is 839 (819 were reported in September). The projected overspend is £3.4 million after the Contingency. Care placements are carefully managed through the weekly Planning for Children Panel. Monthly meetings are taking place to review placement spend. However overall numbers are increasing.
- Services for children with disabilities are forecast to overspend by £0.5 million as a consequence of the rising costs of domiciliary care and the impact of direct payments together with the savings in this area proving difficult to deliver through increased numbers.
- There are a number of other areas with underspends to bring the total to the £3.9 million figure.

3.3.0 IMPLEMENTATION OF SAVINGS

- 3.3.1 A summary of the position of 2017/18 Children and Families savings at 31 December 2017 is below.

Table 3: Savings Implementation 2017/18 (£000's)

Theme	Number of Options	Approved Budget Reduction	Amount Delivered at Q3	Amount covered by contingency budget	To be Delivered
People - Children & Families	2	1,400	0	1,400	0
Total at Quarter 3 2017-18	2	1,400	0	1,400	0

At quarter 3 both of the savings options in this theme are rated as red. The options relate to demand suppression within year. Due to the increased demand within Children and Families those savings are rated as failing. However they have been covered by £1.4 million of contingency budget in 2017/18.

3.4.0 INCOME AND DEBT

3.4.1 The table shows the outstanding debt for the whole of the council, value of debtors raised in year and the value that has been paid in 2017/18. This is different from previous quarter in an effort to show the amount of debt that is recovered each year. This year has seen £62 million of net invoices raised but has seen £68 million of payments. This will be across 2017/18 but also invoices raised in previous years.

Table 4: Accounts Receivable Debtor Cycle Analysis

	2017/18 £000
Arrears Brought Forward	£26,465
Net Invoices Value Raised in Year	£62,498
Invoices Value Paid in Year	-£68,219
Total Remaining Debt	£20,744

3.4.2 The above debt reflects the Council's significant responsibilities in respect of social care activity. Elements of the debt will only be recoverable once clients are no longer in need of care.

3.4.3 In accordance with proper accounting practice, income is credited to the relevant financial year's accounts of the service area at the point invoices are raised. A provision for bad debt is maintained and is assessed each year. Should non-payment occur after proceeding through all necessary recovery procedures, any properly authorised write off will be charged against the bad debt provision.

3.5.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 3 (April-December 2017)

3.5.1 Capital Programme 2017/18 at end of Quarter 3 (31 December)

	Revised Programme	Spend to Date Dec 2017	Funded by: Council Resources	Funded by: Grants
	£000	£000	£000	£000
Children & Families	15,273	4,935	11,682	3,926
Total expenditure	15,273	4,935	11,682	3,926

3.5.2 The majority of expenditure charged so far relates to schools related capital (£3.3 million). As with previous years the works to schools are largely programmed to be undertaken during the school holiday periods. Some of the more recent developments are:

Meadowside Special School: Construction of new hydrotherapy pool and changing facilities. The design is fully accessible for all pupils and includes a new boiler plant room, showers, medical rooms, improved heating and lighting and new external and internal windows. The project is due for completion in April 2018 and has been designed in-house.

Stanley / Foxfield Special Schools: Two new sensory gardens now completed and designed by external landscape architects. The design included pupil friendly plantations, sensory play equipment, accessible pathways in varied textures and finishes and covered teaching areas.

Mosslands High School: New flat roof installation to the school main block. Refurbishment of top floor classrooms including heating, lighting, floors, ceilings and full re-decoration.

Town Lane Infants: This project is part of our pupil place planning [sufficiency] and includes the expansion of the building and internal modernisation including new classrooms, new toilets, resource areas, improved heating and lighting, external access and play. The project is due for completion end of February 2018 and has been designed in-house.

3.5.3 The Transformation Programme includes significant funding (£10 million) in respect of the Improvement Plan for Children's Services which is being implemented with investment in staff across a number of critical areas. These will help address the needs of those leaving care with more PA's, strengthen the Multi-Agency Safeguarding Hub (MASH) and Safeguarding teams, address high caseloads, improve information within the department and enhance Early Help and Prevention services. The costs will be transferred to the Capital Programme during the year.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial implications of this report are discussed throughout the report. This is essentially a financial monitoring performance update report.

5.0 LEGAL IMPLICATIONS

- 5.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 The possible failure to deliver the Revenue Budget is being mitigated by:
- Senior Leadership Team / Management Teams reviewing the financial position.
 - Tracking system of savings options to monitor progress.
 - Use of temporary additional support to assist with revenues collection.
 - Use of earmarked reserves and General Fund Balance savings risk contingency.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 This report is essentially a monitoring report which reports on financial performance.

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APPENDICES

Appendix 1 – Capital Programme and Funding 2017/18

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Council	6 March 2017
Cabinet – Revenue Monitoring 2017/18 Quarter 1	17 July 2017
Cabinet – Capital Monitoring 2017/18 Quarter 1	17 July 2017
Cabinet – Revenue Monitoring 2017/18 Quarter 2	6 November 2017
Cabinet – Capital Monitoring 2017/18 Quarter 2	6 November 2017
Cabinet – Revenue Monitoring 2017/18 Quarter 3	19 February 2018
Cabinet – Capital Monitoring 2017/18 Quarter 3	19 February 2018

Capital Programme and Funding 2017/18**APPENDIX 1**

			Funding				
People Theme	Revised Programme £000	Spend to Date £000	Council Resources £000	Reserves £000	Business Rates £000	Grants £000	Total Funding £000
Family support schemes	191	34	191	-	-	-	191
Stanley Special additional classrooms etc.	4	12	4	-	-	-	4
School condition allocation	3,000	2,019	-	-	-	3,000	3,000
Basic needs	676	635	-	-	-	676	676
Transformation Programme Children's Services	9,550	6,163	9,550	-	-	-	9,550
School remodelling (Primary places)	1,402	640	1,152	-	-	250	1,402
	14,823	9,503	10,897	-	-	3,926	14,823